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16 June 1977

SUBJECT: The Golden Triangle: Political Situation

1. Shan State is Burma's portion of the opium-producing Golden Triangle. Populated by ethnic minorities rather than the dominant Burman stock of lowland Burma, it is an area where both tribal and communist rebellion against the central government thrives. The government controls the towns and--with armed escorts--the roads between them, but the hinterlands are largely under insurgent control, with only occasional intrusions by Burmese security forces.

2. The situation in Shan State, which has prevailed since Burmese independence in 1948, is not the central government's only problem. Burma is nagged by a multitude of insurgencies that have stemmed from the country's ethnic fragmentation. The Burmese army is capable of confining the insurgencies so that they are no threat to the government in Rangoon, but only by committing about half of its military resources. This, of course, puts an added drain on the weakening economy.

3. The most formidable insurgent force is an arm of the Burmese Communist Party (BCP), called the Northeast Command (NEC). Sponsored by the Chinese Communists, it began operations in northern Shan State in 1968. The BCP is composed of an ethnic melange of some 10,000 troops, with only a scattering of Burmans, and controls most of the northern half of Shan State east of the Salween River. Its minority ethnic composition, however, appears to be a major bar to Northeast Command expansion into Burman-populated lowland Burma.

4. Rangoon has failed to persuade Peking to renounce its association with the rebels, but Chinese material aid to the Burmese Communist Party has been reduced as more cordial state to state relations have developed. BCP profits from

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the narcotics trade may have compensated for declining Chinese support and given the insurgents greater operational independence from Peking. In any case, this year the insurgents conducted forays farther west across the Salween than before.

5. The Shans, Burma's second largest minority after the Karens, make up half the population of heterogeneous Shan State. Shan insurgents, at least ostensibly fighting for independence from Burma, probably number in excess of 5,000. Their organization is diffuse and fluid, with constantly shifting alliances, making their threat less than numbers alone would suggest.

6. The most prominent Shan groups at the moment are the Shan State Army (SSA) and the Shan United Army (SUA). The SSA is loosely divided into three regional commands, which seem at times to be in competition rather than in company, as evidenced by the northern faction's current alliance with the BCP. The SUA, under the leadership of Chang Chi-fu, a notorious opium-runner, is a major narcotics trafficker.

7. The 4,000-man Kachin Independence Army (KIA) operates in northernmost Shan State, but the center of its activities are farther north in Kachin State. Formerly busy in the opium trade, the KIA has been forced to cut back on its trafficking by Burmese army pressure and by the disarray following the assassination of KIA leaders in northern Thailand last year.

8. Rangoon would be hard pressed to cope with a unified insurgency in Shan State, but consolidated action by the various groups does not appear likely. Alliances between some groups have been formed mainly for practical reasons of mutual help, but these have been short-lived because of ideological differences, competing interests, and intertribal suspicions. At the present there are formal alliances between the KIA and BCP, and between one Shan faction and the BCP. Neither appears to have much substance.

9. Burma's Shan minority spills over into northern Thailand, which facilitates the maintenance of camps on the Thai side of the border. The Thai provision of sanctuary to rebels from Burmese military operations has been a major irritant in Thai-Burmese relations and the chief obstacle to Thai-Burmese cooperation in narcotics suppression. Bangkok sees Burmese rebel elements as an integral part of its border defense in the remote area in northern Thailand where Thai military and police forces are spread thin.

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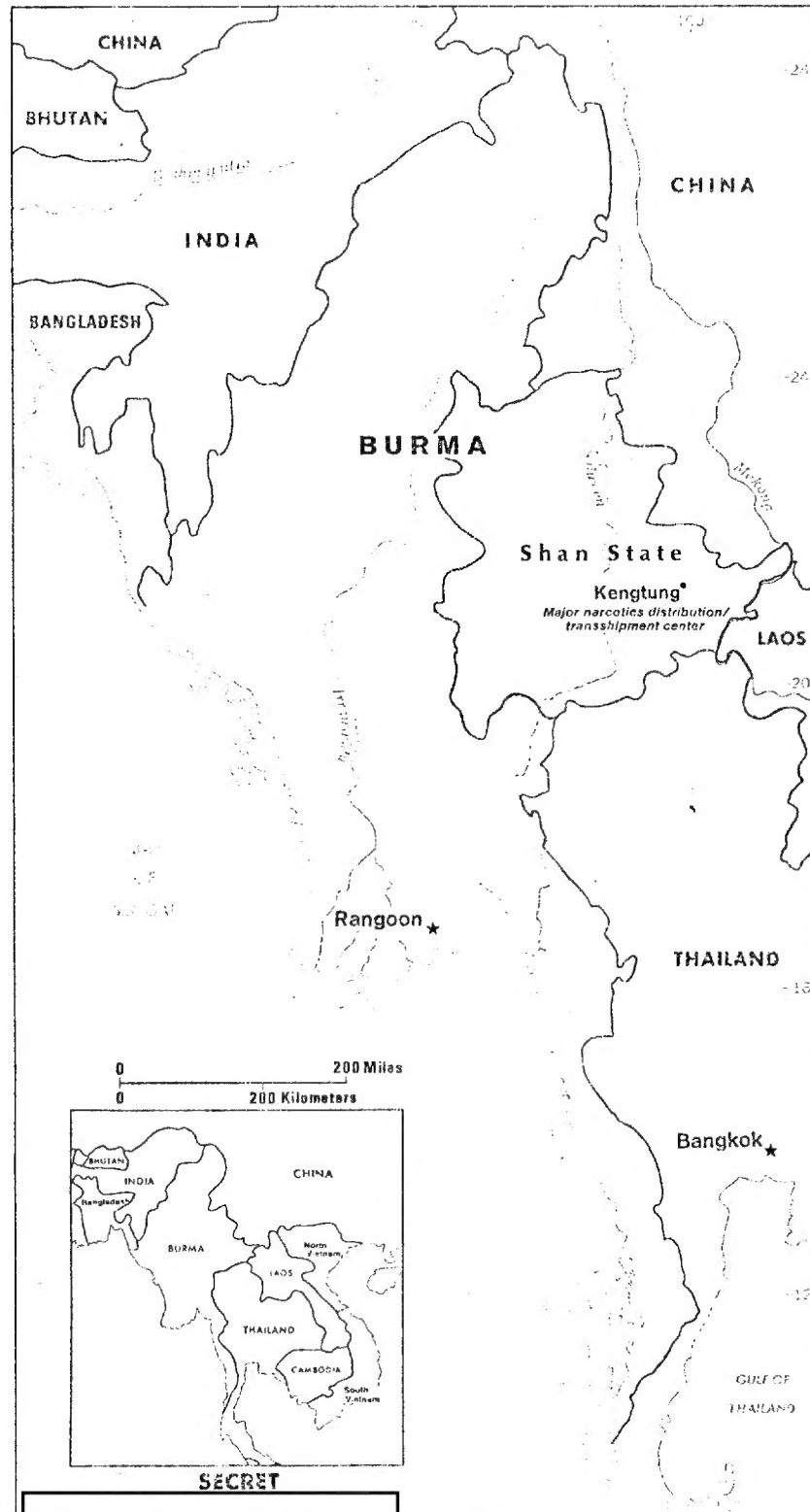
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10. The Thai take a similar view of the Chinese Irregular Forces (CIF), remnants and descendants of Republic of China army units forced out of China in the early 1950s after the Communist takeover. The roughly 5,000 troops of the CIF are spread along more than 100 miles of the Thai border with Burma and Laos. There are two major groups, the 3rd CIF Army under General Li Wen-huan and the 5th CIF Army under Tuan Hsi-wen. The CIF is deeply involved in the narcotics trade. It and the SUA account for some 80 percent of the trafficking out of Burma into Thailand.

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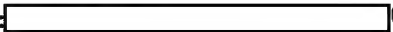


Deputy Director for Intelligence

16 JUN 1977
(date)

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Executive Registry

177-840/5

DDO7

3 June 1977

MEMORANDUM FOR: Deputy Director for Intelligence
FROM : Executive Assistant to the DCI

The Director asked for a back-up paper on
the political situation in the Golden Triangle
area of Burma, Laos, Thailand.

ACTION

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EXECUTIVE REGISTRY FILE

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